

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of San José, California (the "City") in connection with the issuance of \$ _____ City of San José Airport Revenue Bonds, Series 2011B (the "Series 2011B Bonds") and \$ _____ City of San José Airport Revenue Bonds, Series 2011C (the "Series 2011C Bonds" and, together with the Series 2011B Bonds, the "Series 2011B/C Bonds"). The Series 2011B/C Bonds are being issued pursuant to a Master Trust Agreement, dated as of July 1, 2001, between the City and The Bank of New York Mellon Trust Company, N.A., as successor to BNY Western Trust Company, as trustee (the "Trustee"), as supplemented by a First Supplemental Trust Agreement, dated as of July 1, 2001, by a Second Supplemental Trust Agreement, dated as of December 1, 2002, by a Third Supplemental Trust Agreement, dated as of June 1, 2004, by a Fourth Supplemental Trust Agreement, dated as of June 1, 2004, by a Fifth Supplemental Trust Agreement, dated as of September 1, 2007, by a Sixth Supplemental Trust Agreement, dated as of May 1, 2009, by a Seventh Supplemental Trust Agreement, dated as of July 1, 2011, by an Eighth Supplemental Trust Agreement, dated as of December 1, 2011, and by a Ninth Supplemental Trust Agreement, dated as of December 1, 2011 (collectively, the "Master Trust Agreement"). The City covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Certificate.*** This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and Beneficial Owners of the Series 2011B/C Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (the "SEC") Rule 15c2-12(b)(5).

Section 2. ***Definitions.*** In addition to the definitions set forth in the Master Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2011B/C Bonds (including persons holding Series 2011B/C Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" means the City of San José, California, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Holder" shall mean the person in whose name any Series 2011B/C Bond shall be registered.

"Listed Events" means any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“*Participating Underwriters*” means any of the original underwriters of the Series 2011B/C Bonds required to comply with the Rule in connection with the offering of the Series 2011B/C Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” means the State of California.

Section 3. ***Provision of Annual Reports.***

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City’s fiscal year (which shall be March 1 of each year, so long as the City’s fiscal year ends on June 30), commencing with the report for the 2010-11 fiscal year (which is due not later than March 1, 2012), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Series 2011B/C Bonds by name and CUSIP number.

(b) Not later than 15 Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City) file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. ***Content of Annual Reports.*** The Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Airport for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Airport’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the City for the Airport, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available;

(b) To the extent not included in the audited financial statement of the Airport, the Annual Report shall also include the following:

(i) Historical financial information of the type shown in Table 5-2 of the Official Statement, entitled “Airport Revenue Bonds Debt Service Requirements” (required only to the extent there are changes);

(ii) Historical operating information of the type shown in Table 6 of Appendix A of the Official Statement, entitled “Norman Y. Mineta San José International Airport Airlines Serving the Airport as of October 1, 2011”;

(iii) Historical operating information of the type shown in Table 7 of Appendix A of the Official Statement, entitled “Norman Y. Mineta San José International Airport Historical Passenger Enplanements Fiscal Years ended June 30”;

(iv) Historical operating information of the type shown in Table 9 of Appendix A of the Official Statement, entitled “Norman Y. Mineta San José International Airport Enplaned Commercial Passengers by Airline Fiscal Years Ended June 30”;

(v) Historical operating information of the type shown in Table 10 of Appendix A of the Official Statement, entitled “Norman Y. Mineta San José International Airport Historical Gross Landed Weight (in thousand pounds) Fiscal Years Ended June 30”;

(vi) Historical operating information of the type shown in Table 11 of Appendix A of the Official Statement, entitled “Norman Y. Mineta San José International Airport Historical Aircraft Operations Fiscal Years Ended June 30”;

(vii) Historical financial information of the type shown in Table 12 of Appendix A of the Official Statement, entitled “Norman Y. Mineta San José International Airport Summary of Operating Revenues and Maintenance and Operation Expenses Fiscal Years Ended June 30”; and

(viii) Historical financial information of the type shown in Table 13 of Appendix A of the Official Statement, entitled “Norman Y. Mineta San José International Airport Historical Bond Debt Service Coverage Fiscal Years Ended June 30”.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB’s website. The City shall clearly identify each such other document so included by reference.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Section 5. *Reporting of Significant Events.*

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2011B/C Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) With respect to the Series 2011C Bonds, issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender offers;
- (vii) Defeasances;
- (viii) Rating changes; or
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2011B/C Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) Unless described in paragraph 5(a)(v), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2011B/C Bonds or other material events affecting the tax status of the Series 2011B/C Bonds;
- (ii) Modifications to rights of Holders;
- (iii) Optional, unscheduled or contingent 2011B/C Bond calls;
- (iv) Release, substitution, or sale of property securing repayment of the Series 2011B/C Bonds;
- (v) Non-payment related defaults;
- (vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of such occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2011B/C Bonds pursuant to the Master Trust Agreement.

Section 6. ***Format for Filings with MSRB.*** Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. ***Termination of Reporting Obligation.*** The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2011B/C Bonds, or upon delivery to the City or the Dissemination Agent (if other than the City) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Series 2011B/C Bonds, the City shall give notice of such termination in a filing with the MSRB.

Section 8. ***Dissemination Agent.*** From time to time, the City may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent. The initial Dissemination Agent shall be the City. The sole remedy of any party against the Dissemination Agent shall be nonmonetary and specific performance. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice, report or other document prepared by the City pursuant to this Disclosure Certificate. The Dissemination Agent shall receive reasonable compensation for its services provided hereunder. The Dissemination Agent may resign at any time by providing at least 60 days' notice to the City.

Section 9. ***Amendment Waiver.*** Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) of (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2011B/C Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2011B/C Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2011B/C Bonds in the same manner as provided in the Master Trust Agreement for amendments to the Master Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2011B/C Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. ***Additional Information.*** Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. ***Default.*** In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Series 2011B/C Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Dissemination Agent (if other than the City), as the case may be, to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in the Superior Court of the State of California in and for the County of Santa Clara or in the U.S. District Court in or nearest to such County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Master Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. ***Beneficiaries.*** This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Series 2011B/C Bonds, and shall create no rights in any other person or entity.

Date: [_____, 2011]

CITY OF SAN JOSE, CALIFORNIA

By: _____
Authorized Representative

APPROVED AS TO FORM:

RICHARD DOYLE, CITY ATTORNEY

By: _____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of San José

Name of Bond Issue: \$_____ City of San José Airport Revenue Bonds, Series 2011B and
\$_____ City of San José Airport Revenue Bonds, Series 2011C

Date of Issuance: [_____, 2011]

Name of Obligated Person: City of San José

NOTICE IS HEREBY GIVEN that the City of San José (the “City”) has not provided an Annual Report with respect to the above-named Series 2011B Bonds and Series 2011B Bonds as required by Section 3 of the Continuing Disclosure Certificate dated [_____, 2011]. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF SAN JOSE

By: _____ [to be signed only if filed]
Authorized Representative

cc: City of San José
200 E. Santa Clara St., 13th Floor Tower
San José, CA 95113-1905
Attn: Debt Management